

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 — 0 0 9

2. STATE:

South Carolina

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 99-00 \$ 2,078

b. FFY 00-01 \$ 7,285

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

attachment 4.19-B, pages 3a, 3b & 4a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

attachment 4.19-B, pages 3a, 3b & 4a

10. SUBJECT OF AMENDMENT:

This amendment is to utilize the average wholesale price (AWP) less 10% as the South Carolina estimated acquisition cost (SCEAC) in our existing payment methodology.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

J. Samuel Griswold

13. TYPED NAME:

J. Samuel Griswold, Ph.D.

14. TITLE:

Director

15. DATE SUBMITTED:

July 24, 2000

16. RETURN TO:

SC Department of Health & Human Services
P.O. Box 3206
Columbia, South Carolina 29202-3206

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

August 31, 2000

18. DATE APPROVED:

May 9, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Eugene A. Grasser

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

or the interim rates as established by the Medicare intermediary until the submission of actual costs. At the end of each Home Health Agency's fiscal year end, an actual cost report must be submitted which is used for the purpose of completing a cost settlement based on the lesser of allowable Medicare costs, charges, or the Medicare cost limits.

B. Durable Medical Equipment is equipment or supplies provided by a contracted Durable Medical Equipment (DME) provider that is to remain at the Medicaid client's home or is to be used by a Medicaid recipient who resides at home. Reimbursement is based on the lesser of billed charges, State Agency determined allowable fees, or the Medicare prevailing charge (50% percentile).

9. Clinical Services:

Payment will be made according to an established fee schedule and will not exceed the allowable payment established for those services by Medicare (Title XVIII).

10. Dental Services:

Reimbursement to providers of dental services is made on the basis of an established fee schedule not to exceed prevailing charges in the state. Reimbursement will be provided on a per procedure basis. The current reimbursement rates are based on the 75th percentile of usual and customary reimbursement. This percentile was determined by an independent company's analysis of all dental claims filed in the state within a calendar year. The revised payment rates are approximately 325% above the preceding rates.

11.a. Physical Therapy/Occupational Therapy:

11.b. Payment will be according to an established fee schedule as based on the methodology outlined in the Physician Section 5, Attachment 4-19-B, Page 2a. All requirements identified under 42 CFR 447.200ff and 447.300ff shall be met.

11.c. Speech/Language and Audiological Services:

Payment will be according to an established fee schedule.

12.a. Prescribed Drugs:

Medicaid pays for FDA approved prescribed drugs with stated exceptions described in Attachment 3.1-A, Item 12-A, Limitation Supplement.

1. Basis for Payment:

A. MULTIPLE SOURCE DRUGS

Reimbursement for covered multiple-source drugs in the Medicaid program shall be limited to the lowest of:

- (1) The Federally-mandated upper limit of payment or South Carolina Maximum Allowable Costs (SCMAC), for the drug less the current discount rate (10%), plus the current dispensing fee; or

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SUPERSEDES: MA 00-002

(2) The South Carolina Estimated Acquisition Cost (SCEAC) which is the average wholesale price (AWP) less the current discount rate (10%), plus the current dispensing fee; or

(3) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

B. OTHER DRUGS

Reimbursement for covered drugs other than the multiple-source drugs with HCFA upper limits shall not exceed the lower of:

(1) The South Carolina Estimated Acquisition Cost (SCEAC), which is the average wholesale price (AWP), less the current discount rate (10%), plus the current dispensing fee; or

(2) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

B. SOUTH CAROLINA ESTIMATED ACQUISITION COST (SCEAC)

SCEAC is defined as the State's closest estimate to the price generally and currently paid by providers for specific drugs, based on the package size of drugs most frequently purchased by providers. EAC established by South Carolina is the AWP (Average Wholesale Price) minus 10%. The AWP used in calculating the SCEAC is furnished by a contracted pricing source.

3. MULTIPLE SOURCE DRUG REIMBURSEMENT LIMITATION/PHYSICIAN OVERRIDE

A physician may prescribe a brand name of a multiple source drug that bears a higher cost than the upper limit established by HCFA or South Carolina but reimbursement is available only if the prescription has the physician's certification (in his own handwriting) that the specific brand is medically necessary for a patient.

4. CO-PAYMENT FOR PRESCRIPTIONS:

There is a standard co-payment of \$2.00 per prescription (42 CFR 447.55) when co-payment is applicable (42 CFR 447.53). Prescriptions filled by dispensing physicians are not subject to co-payment.

5. DISPENSING FEE:

Dispensing fees are determined on the basis of surveys that are conducted periodically and take into consideration pharmacy operational costs (overhead, professional services, and profit in different types of pharmacies).

The current dispensing fee is \$4.05 for independent pharmacy providers; \$3.15 for institutional pharmacy providers; no dispensing fee for dispensing physicians.

Dispensing fees are paid to the following type providers:

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